

**1986 National
Easter Seal Society
Annual Report**



**...Putting
Ability in
Disability**

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Mission Statement

In order to promote maximum independence of people with disabilities, the National Office of the Easter Seal Society develops and licenses territories nationwide; protects and enhances the Easter Seal image; assures effective and efficient Easter Seal affiliate operations through direct assistance, maintenance of standards, fund-raising activities, human resources support, and training; provides and supports direct services when appropriate; and conducts national activities such as advocacy, public education, public relations, programs, government relations, research, and resource development.

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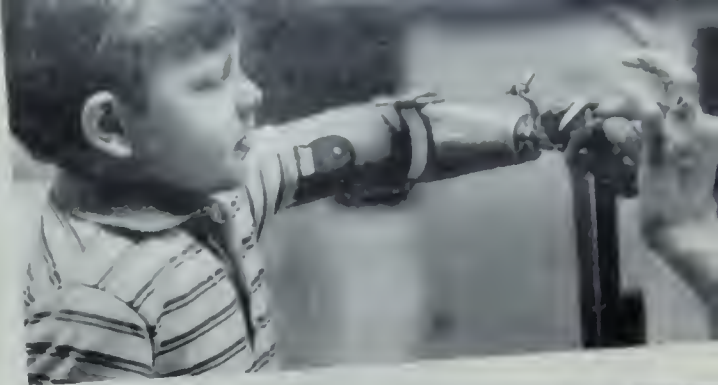
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67 Years of Putting Ability in Disability



Putting ability in disability. That's what Easter Seal Societies nationwide are doing every day of the year. It's what we've been doing—and doing more of than any other organization anywhere else in the world—for the past 67 years. More than one million people a year benefit from quality-assured Easter Seal services available to anyone who needs them in every one of the 50 United States and Puerto Rico.

The National Easter Seal Society is the world's oldest and largest voluntary agency providing direct services to people with disabilities. Founded in 1919, the Society is universally recognized as the organization that pioneered identifying the needs of people with disabilities and providing rehabilitation services to meet those needs.

Easter Seals is a nationwide network of separately incorporated affiliates that includes 48 intermediary (state or regional) Societies united in the common mission of promoting the maximum independence of persons with disabilities.

Individuals of all ages having disabilities resulting from any cause can find assistance through Easter Seal programs.

The Society puts ability in disability by:

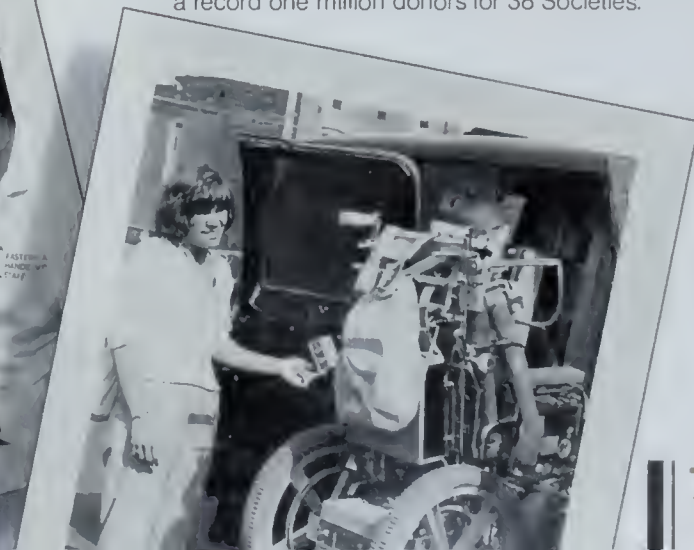
- ☐ Assisting persons with disabilities and their families in finding and making effective use of resources that will help them develop their abilities and live purposeful lives.
- ☐ Assisting communities in the development of necessary and appropriate services for persons with disabilities.
- ☐ Establishing and maintaining services which meet the needs of persons with disabilities.
- ☐ Working with and for persons with disabilities to assist them in attaining and protecting their legal rights.
- ☐ Creating a climate of acceptance in all aspects of society for persons with disabilities.

To achieve these objectives, the Easter Seal Society uses a multi-faceted approach that includes direct services, screening, advocacy, public education, and research.

Easter Seal Societies are supported by contributions from individuals and corporations, legacies, special gifts, grants, fees, contracts, and bequests. More than 95% of all Easter Seal revenue is retained in the area in which it was raised to support programs and services that meet local needs.

1986 Highlights

- ☐ For the second consecutive year, Easter Seal Societies report serving more than one million people—a record 1,120,171 in fiscal 1984-85, 40.9 percent of whom were adults.
- ☐ Total revenues increase 9.1% to an all-time \$197.8 million high.
- ☐ Telethon '86—Easter Seals' 15th annual National Telethon—raises a record \$30 million in pledges.
- ☐ Strategic Program Plan involves Societies nationwide in an in-depth survey process to aid in the planning, evaluating, and upgrading of their services, programs, and facilities.
- ☐ National Society launches Attitudes Campaign to educate the public about the dignity and potential of persons with disabilities and dispel myths and stereotypes about them.
- ☐ Easter Seal Systems introduces new Medical Rehabilitation Manager software system and co-sponsors program evaluation and automation workshops with other national health-care organizations.
- ☐ Legislative Action Network mobilizes grassroots support for Easter Seals' advocacy efforts on behalf of persons with disabilities and the organizations that serve them.
- ☐ Easter Seals plays active role in Independent Sector's fight to preserve the personal income tax deduction for charitable contributions.
- ☐ Easter Seals plays leadership role in Alliance of Nonprofit Mailers' efforts to prevent further postal rate increases for nonprofit organizations.
- ☐ In only its second year of full-service operation, the National Office's Direct Mail Management Program grows to maintaining a record one million donors for 38 Societies.



President's Message

I am proud to present this 1986 National Easter Seal Society Annual Report. "Putting Ability in Disability" is more than just a theme; it is our purpose, our goal, and the basic reason for Easter Seals' existence.

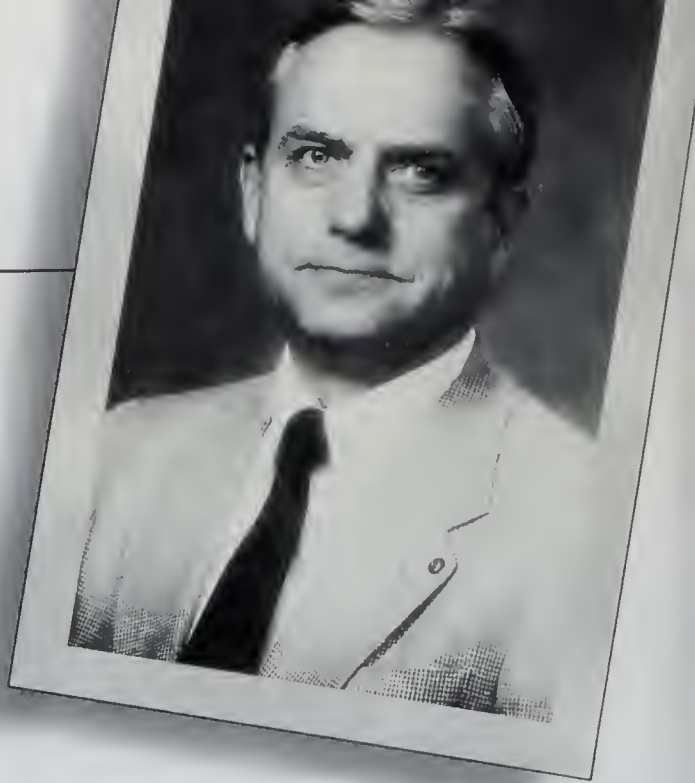
I am also pleased to report that, for the second consecutive year, the Easter Seal Society helped put ability in disability by providing services to more than one million people in all 50 states and Puerto Rico. This is an achievement unmatched by any other voluntary health-care organization, and one that clearly demonstrates our commitment to serving the diverse needs of persons with disabilities and their families.

For 67 years our Society has maintained its leadership position as the world's oldest and largest voluntary agency providing direct services to persons with disabilities. We have done so by accepting challenges, adapting to change, and developing innovative ways to meet the needs of the people we serve.

Our efforts during the past year have been indicative of our leadership, innovative methods and adaptability. Faced with threats of Gramm-Rudman-style budget cuts, proposed alterations of tax laws that would discourage future charitable contributions, and the disturbing rise of a "me-first" attitude in many segments of American society, Easter Seals has taken several major strides in meeting these and numerous other challenges.

We have begun development of a National Strategic Program Plan to meet the program service needs of the next decade. This plan will aid Societies nationwide in planning, evaluating, and upgrading their services, programs, and facilities.

Our Office of Governmental Affairs was extremely active in the past year dealing with a multitude of legislative issues that ranged from disability rights to postal rates to Medicare reform. In Washington and state capitals we are constantly advocating on behalf of persons with disabilities and the organizations that serve them.



In another advocacy effort, the National Society launched a nationwide Attitudes Campaign to educate the public about the dignity and potential of persons with disabilities and to dispel myths and stereotypes about them.

Easter Seal Systems (ESS) made new inroads with computer manufacturers to make computer systems more affordable and accessible to persons with disabilities. ESS also conducted a nationwide series of training workshops on computer applications in rehabilitation for health-care and agency professionals.

These accomplishments are impressive, but more than anything else, the Easter Seal Society is people working with people. Professional staff, rehabilitation experts, therapists, counselors, administrators, consultants, generous contributors, and the people who use our services—all are Easter Seal people.

And putting ability in disability is the common bond that links 800,000 Easter Seal volunteers nationwide who give of their time, their talents, and their resources to assist in whatever ways they can the more than one million people we serve every year.

This Annual Report is their story. I invite you to read it—and become a part of it.

A handwritten signature in cursive script that reads "R. B. Coats".

R. B. Coats
President



Chief Executive Officer's Message

Easter Seals continues to build on its unrivaled record as a dynamic, innovative voluntary health care organization. For the year ended August 31, 1985, Easter Seal Societies across the country reported serving a record 1,120,171 people.

Total combined revenues for the same period set another record \$197.8 million. A 9.1 percent increase over the previous year, this amount is double the total Easter Seal revenues of just seven years ago. This accomplishment is the result of our strategy of income source diversification. This strategy includes the development of on-going partnerships with corporate sponsors and an increased emphasis on Social Responsibility Marketing—companies using marketing dollars for the benefit of social causes as a part of their marketing plan.

The days when a voluntary nonprofit agency could succeed simply by relying on the unbounded generosity of its donors have long since past. In all our endeavors, the National Society is committed to taking a prudent, business-like approach that will enable us to anticipate change, appropriately plan for the future, maximize our strengths, and strengthen any weaknesses. To encourage our state and local Societies to do likewise, we have developed Model Standards and Guidelines to foster and promote excellence in the management of all Easter Seal operations.

We have also taken several initiatives to make our programs more meaningful for the people and communities we serve. For example, our Model Affirmative Action Plan is setting the tone for putting ability in disability by making concerted efforts to hire and professionally advance qualified individuals who have disabilities.



The Easter Seal Research Foundation is also enhancing the quality of Easter Seal programs by funding research efforts that seek scientific advances and technological innovations which can be directly applied to improving the services we provide.

Our leadership in providing direct services to persons with disabilities was recognized in 1986 by the Scott Paper Company, which selected Easter Seals as one of six agencies serving children with special needs to participate in its new "Helping Hand" program.

Looking toward the future, the Society is faced with several external challenges. Among them are cutbacks in government funding, competition from other nonprofit agencies, and increased competition from for-profit health-care corporations. In order to successfully meet these challenges, we must work harder to achieve higher levels of coordination and cooperation among our Societies, especially in the area of strategic marketing.

All our achievements are the result of—and all our hopes for the future depend on—the dedicated teamwork of our professional staff, volunteers, and contributors. Every one of you has my personal thanks for a job well done, and my encouragement and support in the work that lies ahead.

John R. Garrison
John R. Garrison
Chief Executive Officer



Direct Services

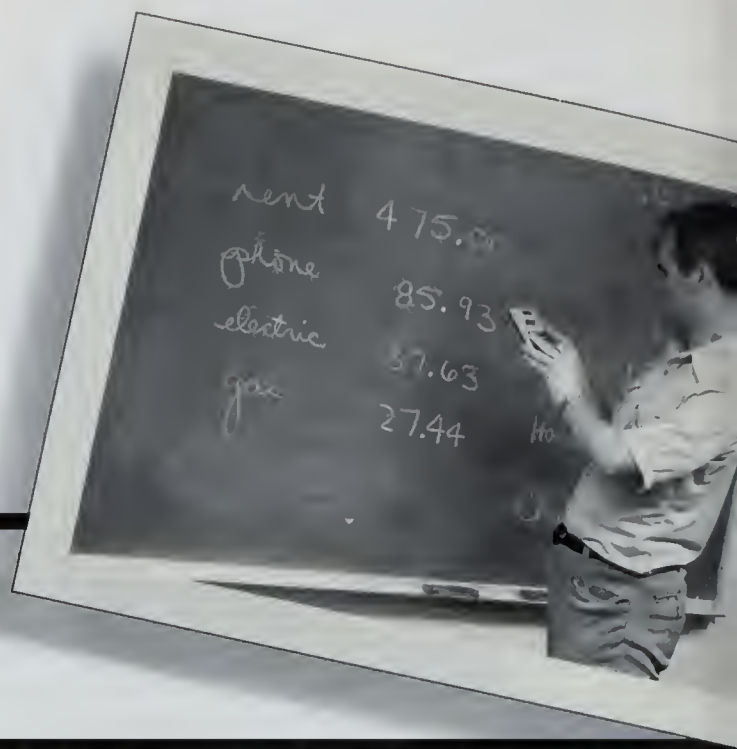
For the second consecutive year, Easter Seal Societies nationwide provided direct services to more than one million people.

In fiscal year 1984-85, Easter Seal Societies reported serving 1,120,171 people, a figure 8.9 percent higher than the previous year's total and double the number of people served just six years ago.

These numbers demonstrate that direct services continue to be the mainstay of Easter Seals' efforts to put ability in disability.

The needs of individuals who have disabilities vary greatly. Services provided by Easter Seal Societies to meet those needs include: physical, occupational, and speech-language therapies, vocational evaluation and training, camping and recreation, and psychological counseling. Prevention of, and screening for, potentially disabling conditions are also encouraged and sponsored by Easter Seals.

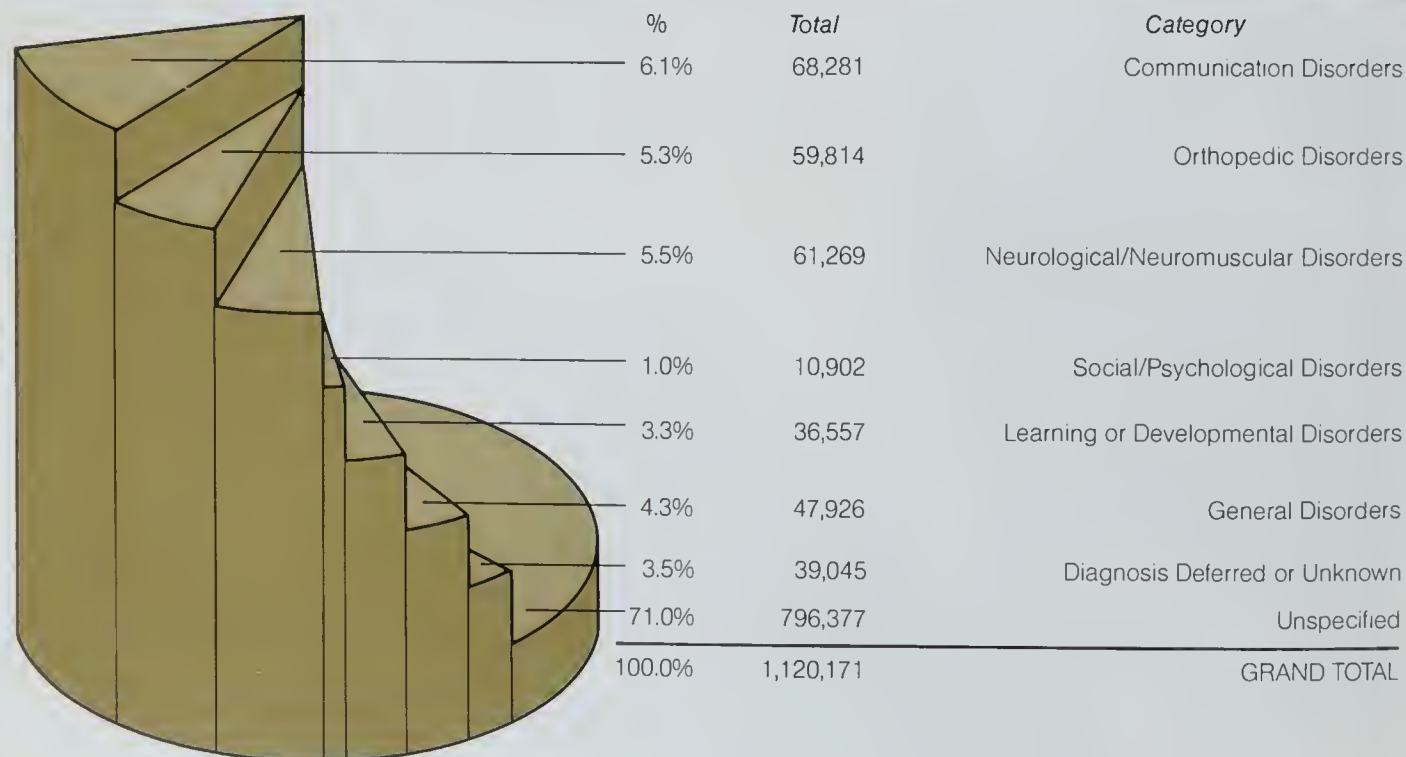
Individuals of all ages and having disabilities resulting from any cause can find assistance through Easter Seal programs.



Classes at Easter Seal Living Skills Centers provide persons with developmental disabilities with the money management, employment readiness, and social skills essential to achieving new levels of independence.

Mike Kelly learns how to budget his independent-living expenses at the Easter Seal Society of California's Living Skills Center in Cerritos, California.

Number of people receiving Easter Seal services in 1984-85 fiscal year, by major disability (unduplicated count):



Direct Services

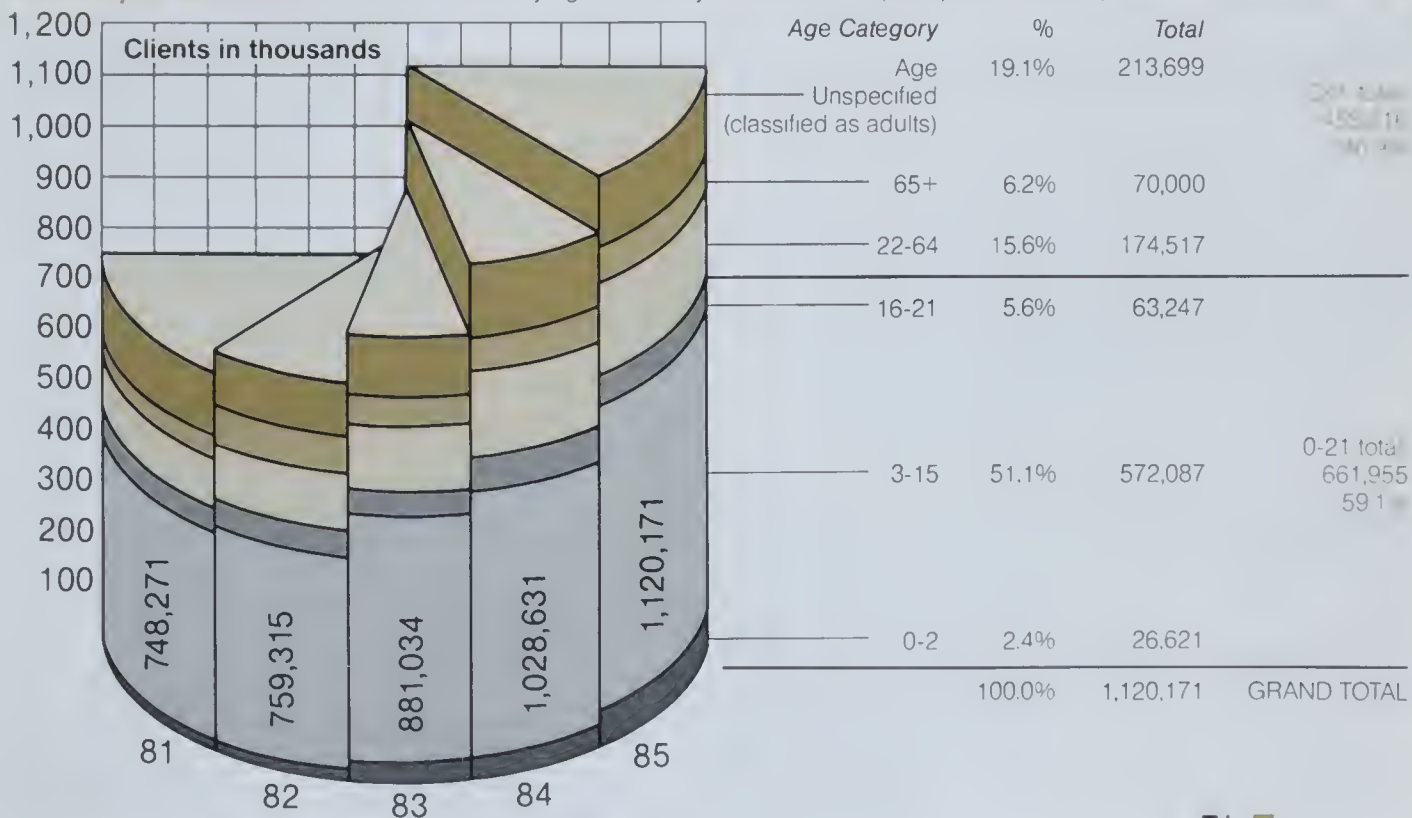
"When I became an amputee due to diabetes, I thought my life was over. But that was before I heard about Easter Seals, which gave me the therapy, faith, and hope to get on with my life."

George Sagona
National Adult Representative
1986 Easter Seal Campaign

George Sagona (right) offers some suggestions on coping with an artificial leg to Calvin Peterson, another amputee receiving services at the Easter Seal Center in Tampa, Florida.



The People We Serve Easter Seal clients by age for fiscal years 1981-1985 (unduplicated counts):



Advocacy

Budget cuts. Charitable contributions. Tax reform. Postal rates. Barrier removal. Disability rights. Special education. Medicare and Medicaid. Occupational therapy. And the seemingly ever-present, ever-threatening Gramm-Rudman-Hollings Deficit Reduction Act.

Easter Seal advocacy efforts were in high gear on all of these fronts and more in our nation's capital during the past year. The Society's Washington-based Office of Governmental Affairs continues to exert Easter Seals' acknowledged leadership role in advocating on behalf of persons with disabilities and the voluntary nonprofit agencies that serve them.

The Society is actively involved in the formulation of public policy at the federal level to create and sustain a favorable environment in American society for individuals who have disabilities. Our advocacy includes a continual effort to secure and protect the rights of disabled persons in the face of persistent legislative and regulatory attempts to weaken existing laws and reduce or eliminate appropriations essential to providing vital rehabilitation services.

Last year Easter Seal advocacy efforts to help put ability in disability included:

- ☐ Seeking reauthorization of the Rehabilitation Act of 1973 and expansion of the Education of the Handicapped Act.
- ☐ Promoting legislation and regulations that encourage the delivery of more appropriate and less costly home and community-based health-care services, such as Senate Bill 1793, the Alternatives to Hospitalization for Medical Technology-Dependent Children Act of 1985.
- ☐ Working to secure passage of the Handicapped Children's Protection Act, legislation which authorizes the awarding of attorney's fees to parents who prevail in a legal action to enforce their child's right to education.
- ☐ Seeking Congressional approval of the Occupational Therapy Medicare Amendments.
- ☐ Working for passage of the Employment Opportunities for Disabled Americans Act, which authorizes work incentives for recipients of Supplemental Security Income.
- ☐ A leadership role concerning Medicare issues affecting outpatient rehabilitation.
- ☐ Lobbying for provisions in tax reform proposals that would make permanent the \$35,000 deduction for the removal of architectural barriers, provide maximum deductibility of medical expenses, and retain the targeted-jobs tax credit.

(Top) National Easter Seal Child Jamie Brazzell was the special guest of President and Mrs. Reagan at the traditional White House kick-off of the 1986 Easter Seal Campaign.

(Left) Jamie also chatted with Senate Majority Leader Robert Dole (R-Kansas) and (Right) Speaker of the House Thomas P. "Tip" O'Neill (D-Massachusetts) during the annual Easter Seal Congressional Reception.



- ☐ A leadership role in the Alliance of Nonprofit Mailers' efforts to prevent further postal rate increases for nonprofit organizations.
- ☐ An active role in Independent Sector's fight to preserve the personal income tax deduction for contributions to charitable organizations such as Easter Seals.

Easter Seals is devoting considerable energy and resources to developing collaborative efforts among nonprofit organizations. Besides Independent Sector and Alliance of Nonprofit Mailers, other coalitions that the Society has taken leadership roles in include the Consortium for Citizens with Developmental Disabilities, Washington Coalition of Rehabilitation Service Providers, National Health Council, and National Rehabilitation Caucus.

During the past year, the work of our governmental relations specialists on Capitol Hill was reinforced and strengthened by the grassroots advocacy efforts of the Easter Seal Legislative Action Network. Working under the direction of our Office of Governmental Affairs, the Network has been activated regularly to mobilize Congressional support on behalf of the Society's legislative and regulatory agenda.

Utilizing the combined efforts of both volunteers and staff from state and local Societies nationwide, the Legislative Action Network has become a valued component of Easter Seals' advocacy efforts.



Attitudes Campaign

People with disabilities frequently feel that the biggest "handicap" they face is not their disability, but rather the attitudes of nondisabled people. A variety of misconceptions, myths and negative stereotypes add up to attitudinal barriers that people with disabilities must cope with in their efforts to function with dignity in the mainstream of life.

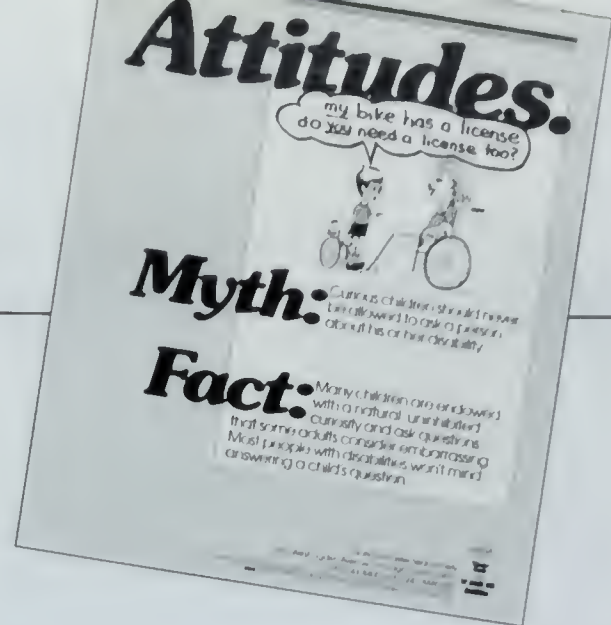
To address this problem, Easter Seals has launched a nationwide public education campaign to dispel the myths and stereotypes about persons with disabilities and eliminate the barriers which hamper their acceptance in society.

Humorous illustrations of the misconceptions and stereotypes frequently encountered by people with disabilities are used to attract attention to the Attitudes Campaign series of brochures, resource guides, and posters. The materials were produced with the assistance of Amway Corporation, a major Easter Seal corporate sponsor.

The four Attitudes Campaign brochures cover the following topics:

- ☐ "Myths and Facts About People Who Have Disabilities" is a resource guide for people without disabilities.
- ☐ "Disability Etiquette" describes preferred etiquette when meeting, introducing, writing about, assisting, or enjoying the company of a person who has a disability.
- ☐ "Myths and Facts About People Without Disabilities" is a resource guide for persons who have disabilities that addresses some misconceptions they may have about non-disabled people.
- ☐ "Portraying People With Disabilities in the Media" provides suggested language, guidelines, and interviewing techniques for print and broadcast media.

In addition to the brochures, the full-scale public education campaign includes live announcer radio scripts, suggested public service announcements and news releases, an Attitudes Quiz, drop-in ads, and other resource materials. All of the Attitudes material is suitable for year-round use.



A series of television public services advertisements on disability etiquette featuring Ken Berry, Dom DeLuise, and voice-over by Tom Bosley also use humor to support campaign efforts to reach the public. The advertisements are airing nationwide on all major network and cable outlets.

The Society is distributing Attitudes Campaign materials to federal and state government agencies, personnel offices of major corporations, colleges and universities, civic and service clubs, print and broadcast media, medical associations, hospitals, insurance companies, private rehabilitation groups, disability-related publications, and others.

Media coverage has been excellent; following one story about the campaign in *U.S. News & World Report*, the National Office received more than 500 requests for brochures. Easter Seal affiliates have also reported good local newspaper coverage on the Attitudes issue.

The elimination of negative, stereotyping attitudes that hinder persons with disabilities in leading independent lives with dignity has long been one of Easter Seals' top priorities. The Attitudes Campaign is yet another way we are striving to put ability in disability.

Attitudinal barriers are a way of thinking or feeling resulting in behavior that limits the potential of people with disabilities to be independent individuals.



Affirmative Action

An often overlooked way that Easter Seals puts ability in disability is affirmative action in employing persons who have disabilities.

The National Society has made a concerted effort to increase the number of persons with disabilities employed at the National Office. As of January, 1986, 18 percent of the National Office staff were persons with disabilities. Of these individuals, 31 percent held key executive positions, 23 percent held professional positions, 38 percent were administrative or technical personnel, and eight percent were secretarial or clerical staff.

A policy objective of the Strategic Plan for the National Office is to assist state and local Societies in employing persons with disabilities. To achieve this objective, the National Office, in conjunction with the Personnel Committee of the National Society's Board of Directors, designed and distributed a Model Affirmative Action Plan.

The objective of "Employing Persons with Disabilities—A Model Affirmative Action Plan" is to establish an employment policy which will encourage the recruitment, selection, upgrading, and promotion of persons with disabilities. The plan also covers in detail areas such as performance appraisals, skills utilization, evaluation, personnel recordkeeping requirements, evaluation, program support, and the accessibility of facilities.



In addition to developing the Model Affirmative Action Plan and implementing it at the National Office, where it is now in its second year of operation, the National Society's Affiliate Relations & Resources Department has:

- ☐ Identified and published resource-and-referral sources of qualified disabled individuals to assist Societies in meeting yearly objectives of the model plan.
- ☐ Conducted annual evaluations reporting the extent and level at which Societies have implemented the model plan.

According to the most recent available data, 12 percent of all Easter Seal board members nationwide have at least one disability, with approximately 33 percent of these being orthopedic disabilities and 25 percent neurological or neuromuscular. Board members with disabilities represent numerous professions and backgrounds, including business (30%), medicine or rehabilitation (20%), law (19%), clients (8.3%), and banking or finance (6.6%). Other representation includes communications, politics, government, education, and insurance.

"Easter Seals is committed to hiring qualified people with disabilities. When I was hired by Easter Seals—first as a staff speech pathologist and then as executive director—it was because of my ability to do the job and willingness to work."

***Rosemary Front
Executive Director***

Easter Seal Society of Wheeling, West Virginia

Ten percent of all Easter Seal staff members have at least one disability, 31 percent of these being orthopedic disabilities and 20 percent neurological or neuromuscular. Staff members with disabilities are employed to perform a variety of functions. Nine percent are executive or deputy executive directors. Nearly half (46.8%) are program personnel. Other employment categories staffed by persons with disabilities include clerical or secretarial (18.5%), finance or administration (11.3%), other administrators (6.8%), development personnel (4.5%), and maintenance (3.2%).



Developing Easter Seal Excellence

In order to assist local and intermediary Societies in ensuring that Easter Seal services are of the highest possible quality wherever they are provided, the National Society's ad hoc Committee on Standards has developed Model Performance Standards and Guidelines for Easter Seal Societies. The ad hoc committee was comprised of National Board members and representatives of the House of Delegates, Easter Seal Executives Association, and the National Office.

The Model Performance Standards and Guidelines set forth the elements that are basic to maintaining an effective, efficient Easter Seal operation. They were also designed to assist state and local Societies in evaluating their performance relative to accepted norms for managing a nonprofit organization.

The model standards are divided into eight categories: programs, communications, development, finance, governance, human resources, volunteer management, and organization and administration. The last category covers areas that include long-term planning and the periodic evaluation of Societies, their mission, and the services they provide.

"The National Society's affiliate performance indicators helped us identify our Society's strengths and needs, and then educate our board members about them. The performance database translates acceptable standards for a nonprofit organization into terms that board members can understand from working in their own businesses."

***Ronald J. Kutella
Chairman of the Board
Easter Seal Society of Oregon***

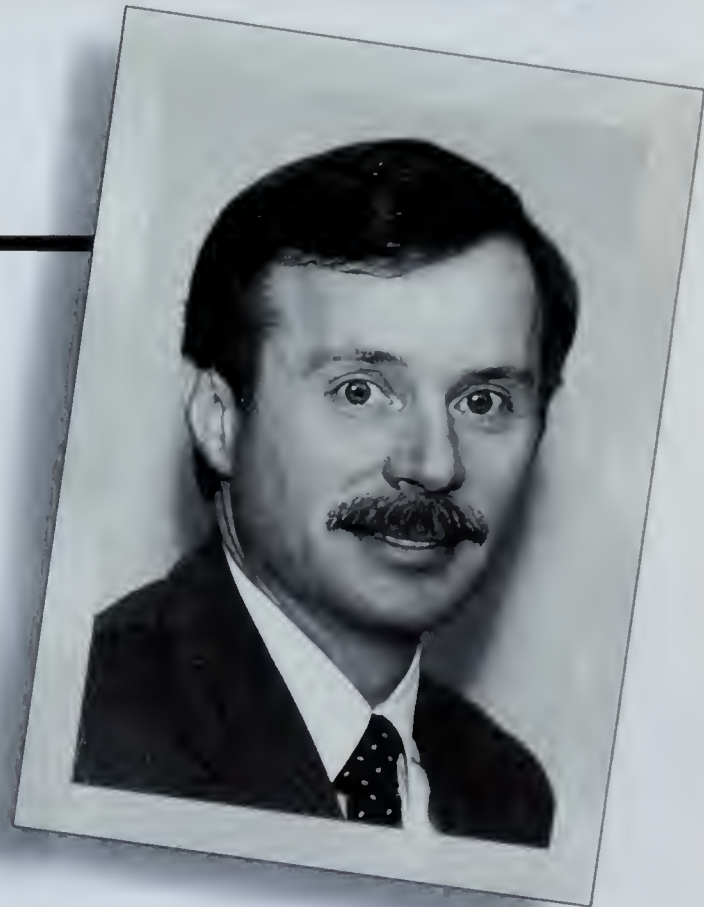
The Model Performance Standards and Guidelines were adopted by the National Board of Directors at its August, 1986 meeting. Although voluntary in nature, compliance with the Model Performance Standards and Guidelines is a long-term goal for all Easter Seal Societies.

To further promote and encourage excellence in Easter Seal operations, the National Society in 1985 established the Management Excellence Awards. The Awards recognize outstanding performance by intermediary Easter Seal Societies. Winners are determined on the basis of ten quantifiable criteria that include program and direct services expenditures, fund-raising effectiveness and efficiency, and pertinent financial data.

The Management Excellence Awards are given annually to those intermediary Societies that achieve a consolidated, adjusted three-year performance score of 80 or above on a 100-point scale. Ten Societies received Management Excellence Awards at the National Convention in 1985, the first year they were presented.

"Early Warning System" on Easter Seal Horizon

Using the criteria selected for the Management Excellence Awards and data obtained from Societies' Uniform Accounting Reports, the National Society's Affiliate Relations & Resources



Department has developed an "Early Warning System" that would monitor annually affiliate performance.

The system's purpose is to identify and provide feedback to Easter Seal affiliates that have actual or potential problems, and then respond appropriately to solve or prevent those problems. The "Early Warning System" would enable the National Society to anticipate developing problems in state and local Societies and address them in their earliest stages.

Research

The Easter Seal Research Foundation (ESRF) is putting ability in disability by awarding grants that promote the role of research in stimulating improved services to persons with disabilities. The link between Easter Seal-sponsored research and the services provided by state and local Societies is an important consideration in awarding ESRF grants.

Growing partnerships between Easter Seal-sponsored services and research is exemplified by recent ESRF awards for research into the problems associated with post-polio. Survivors of the polio epidemic of the 1940's and '50's often experience symptoms that include reduced functional capabilities due to a diminishment of muscle strength.

In addition to educational and therapeutic services, Easter Seals has responded by funding research designed to scientifically determine effective ways to treat and manage the growing number of post-polio related disabilities. Research grants awarded to the Mayo Clinic (Rochester, MN), New England Medical Center (Boston, MA), and the University of Wisconsin (Madison) reflect the National Society's leadership role in this area.

These studies will also provide significant data for determining the effects of aging on disabilities resulting from conditions other than those associated with polio.

Easter Seal research also recognizes the increasingly important role of technology in helping persons with disabilities to live independently. Grants were awarded during the past year for:

- ☐ testing a computer-aided design (CAD) workstation for architecture students;
- ☐ computer-controlled laser technology to enhance the audio-visual skills of children with hearing impairments; and,
- ☐ demonstrating the use of computers in teaching communication skills to children with Down's Syndrome.

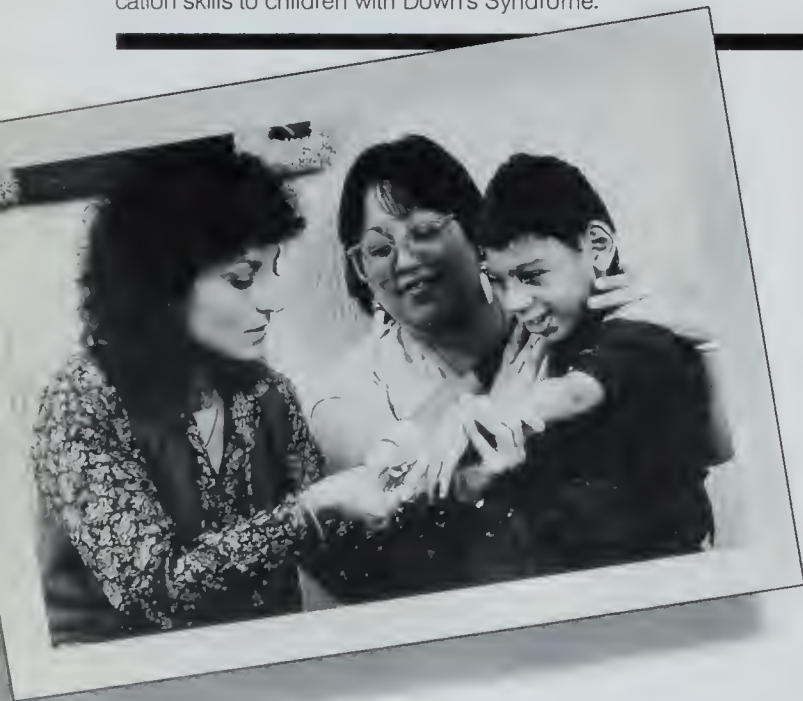
Additional grants were awarded for research designed to:

- ☐ expand American Sign Language to include new scientific terminology;
- ☐ study immune factors in Juvenile Rheumatoid Arthritis; and,
- ☐ measure the effects of exercise training on persons with respiratory diseases.

Easter Seal-Sponsored Research Results in Practical Aids

Easter Seals' emphasis on sponsoring applied research to develop practical aids to improve the lives of persons with disabilities has already begun to achieve tangible results:

- ☐ A grant to the Easter Seal Society of Metropolitan Chicago has led to the development of new splint designs which, combined with other therapeutic techniques, point to improved functional skill levels in children with upper extremity spasticity secondary to cerebral palsy.
- ☐ The Easter Seal Society of Michigan has developed specifications for an inexpensive portable ramp that enables mobility-limited persons to enter and leave buildings, including polling places, that were heretofore inaccessible.
- ☐ A 1984 grant to Northwestern University led to the development of the Portable Anticipatory Communication Aid (PACA) which, with simple modifications to a commercially available portable computer, enables persons who are non-verbal and have physical disabilities to communicate.



“Receiving the Easter Seal Research Foundation grant has literally changed my life. As a clinician, it has given me the opportunity to take an idea and make it work—to successfully apply research to the services we offer at Easter Seals.”

***Susan Hill, ORT
Clinician
Gilchrist-Marchman Center
Easter Seal Society of Metropolitan Chicago***

Easter Seal Research Foundation

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Sandra Kother
Executive Director
Easter Seal Society of
Del-Mar, Inc.
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(Easter Seal Executives
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Telethon '86

The 1986 National Easter Seal Telethon, our 15th anniversary show, established a record tote of \$30,098,760. This new all-time high was 9.8 percent greater than the \$27.4 million record-setting 1985 total.

For the first time ever, three corporate sponsors presented checks of one million dollars or more. Century 21 Real Estate Corporation led the way with \$2,200,000, new corporate sponsor Safeway Stores presented \$1,400,000, and Amway Corporation presented \$1,000,000. The National Telethon has claimed consistent, impressive growth and increased corporate support since its inception in 1972.

Telethon '86 was broadcast to 125 markets with a viewership of more than 57 million people, one of whom was the President of the United States. During the final hour of the Washington, D.C. Telethon, President Reagan made a personal pledge of \$1,000.

Telethon, Easter Seals' largest single fund-raising event, was hosted for the sixth consecutive year by singer-actor-TV personality Pat Boone, and co-hosted for the third year by actress Donna Mills. An emotional highlight of Telethon '86 was when Pat Boone was reunited with the six children who have served as the National Easter Seal Child during the years he has hosted the annual event.

The National Telethon does more than raise record sums of money for Easter Seal programs. It also serves as a focal point for volunteer action and recruitment, public education, and increased visibility for Easter Seals and the many ways we work together to put ability in disability.

Telethon '86 also broke a record of another kind. Out of 759 minutes of national air time, a record 104 minutes were devoted to public education about persons with disabilities and the issues that affect them.



Century 21 Real Estate Corporation vice president Marvin Hart presents Pat Boone with a \$2.2 million check and a commemorative photo collage.

(Left) In its first year as an Easter Seal corporate sponsor, Safeway Stores, Inc. senior vice president for public affairs Robert E. Bradford and Safeway employee Bruce Ivie present Pat Boone with the final \$250,000 of Safeway's \$1.4 million Telethon gift.

(Center) Past and present National Easter Seal Children (left to right): Matthew Houston (1983), Danielle Newman-Sibley ('85), Mary Sacco ('82), Jamie Brazzell ('86), Stephanie Swiney ('84), and Colleen Finn ('81).

(Right) Pat Boone receives a \$1 million check from Amway Corporation's vice president of communications Nan Van Andel and Amway distributors Angelo and Claudia Nardone.



Financial Support

Easter Seals' efforts to put ability in disability are supported by a diversity of income sources that include contributions from individuals and corporations, special gifts, grants, fees, contracts, and bequests. This strategy of planned diversification permits the Society to continue to increase the availability of funds for local direct services, and at the same time enhance National Office services and programs.

In all Easter Seal fund-raising efforts, the Society fosters a "grassroots" approach that enables affiliates to retain 95 percent of all collected revenues in the area where it was raised to support services in local communities.

To ensure that Easter Seals' financial future remains strong, the National Office's Development Department is moving ahead on several fronts. For example, an increased emphasis is being placed on innovative and effective uses of Social Responsibility Marketing. A concerted effort is also being made to develop on-going partnerships with Easter Seal corporate sponsors that embody year-round programs for Easter Seal awareness and giving.

To support and improve successful fund raising by state and local Societies, in 1984 the National Society introduced a new Direct Mail Management Program. The program's aim is simple: assist Societies in identifying new donors and raising as many dollars as possible to support Easter Seal programs and services at the lowest possible fund-raising cost.

Direct mail marketing is more competitive than ever before. Easter Seals' direct mail program gives Societies a competitive edge by providing professionally-produced materials, expert list selection, and the efficiencies of a sophisticated, centralized fund-raising operation that are possible only through economies of scale.

In just two years, the Society's Direct Mail Management Program has grown from handling 350,000 donors for eight Societies to maintaining more than one million donors for 38 Societies. The full-service program includes donor file management, creative services, and mail production. A suggested direct mail calendar allows Societies to "plug-in" to special promotions throughout the year.



"Safe Halloween" features horror-film star Vincent Price as its national spokesperson.

Innovative Programs Spark Easter Seal Fund Raising

Supplementing staple Easter Seal fund-raising events like Softball Marathon, which in 1985 raised a record \$2 million, there are several new, innovative national fund-raising events that are proving to be major successes:

□ "Hop-N-Ing" in the past year was conducted in more than 4,500 day care centers in 33 states. Some 150,000 children helped raise \$1 million for local Easter Seal Societies. Besides day care centers, many pre-schools and public schools (through the second grade) participated. A new national event, Hop-N-Ing does more than raise funds; it helps instill in young children positive attitudes and perceptions about persons with disabilities.

□ "Shop & Share" Food Broker Program raised \$1.2 million in its first year. It benefits from the cooperative efforts of food manufacturers, brokers, and retailers, and is carefully designed to raise funds for Easter Seals while promoting increased sales of food products at participating grocery stores through advertising and point-of-sale promotions.

□ "Safe Halloween" features horror-film star Vincent Price as its national spokesperson. A national event since 1983, in the past year it raised \$1.3 million for Easter Seal programs.



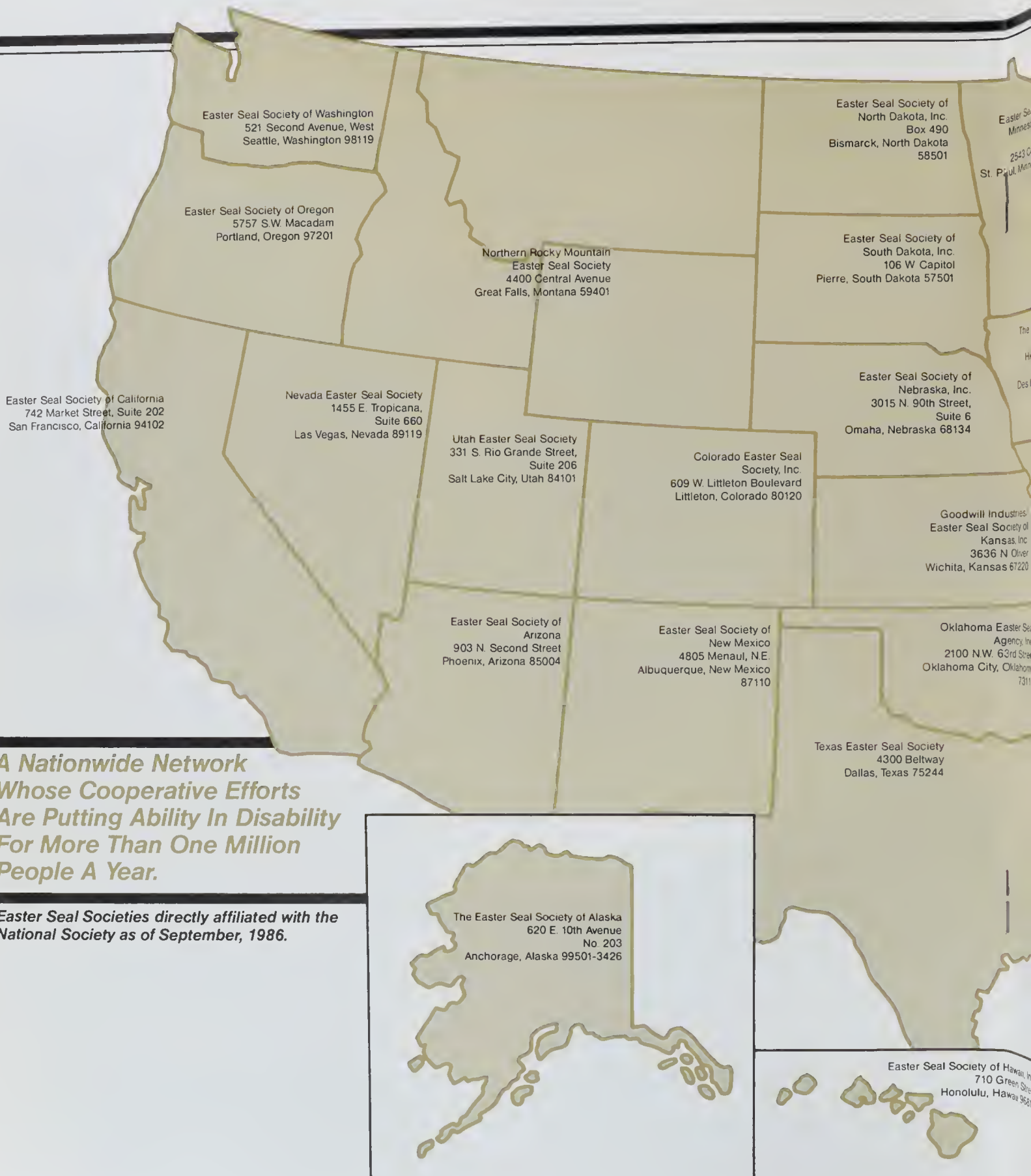
Getting a "Helping Hand"

Easter Seal efforts on behalf of children with disabilities are getting a "Helping Hand" from the Scott Paper Company. The Society is one of six national health-care agencies serving children with special needs that will receive a share of five cents from every package Scott sells of its special "Helping Hand" line of paper products.

The new seven-product line is now available in stores in California, Nevada, and Arizona, but could eventually be sold nationwide. "Helping Hand" is a permanent line of products designed to generate funds on an unlimited and continuing basis.

Scott Paper expects the program to net \$1 million in its first year. One quarter of the funds raised will be divided equally among Easter Seals and the other five participating agencies. The remainder of the funds will be targeted for specific agency-planned projects that are to be associated with the "Helping Hand" programs.

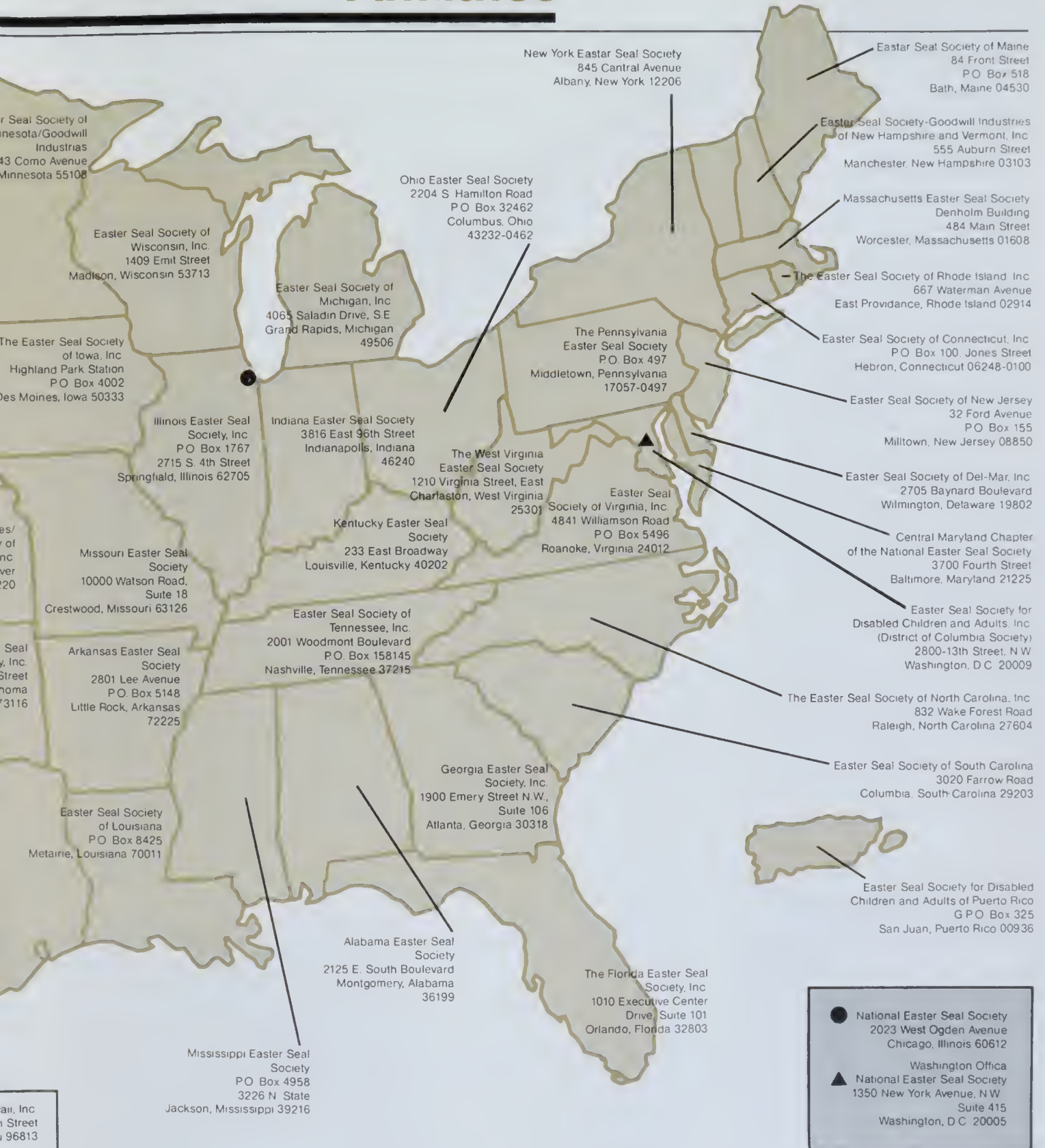




***A Nationwide Network
Whose Cooperative Efforts
Are Putting Ability In Disability
For More Than One Million
People A Year.***

***Easter Seal Societies directly affiliated with the
National Society as of September, 1986.***

Easter Seal Affiliates



Program Services

Quality. Availability. Individualized care. Innovation. These are the hallmarks of Easter Seal services nationwide. It doesn't matter if a person lives in Spokane, Washington, San Juan, Puerto Rico, Bryan, Texas, Laconia, New Hampshire, or Des Moines, Iowa—individuals with disabilities and their families can find help through Easter Seal programs.

To ensure that Easter Seal programs and services continue to be the very best possible well into the next decade, the National Board is developing a National Strategic Program Plan.

The Plan's purpose is to help state and local affiliates determine their future needs in a rapidly changing health-care environment, and to give them the tools necessary to continue to provide state-of-the-art services that meet the needs of the people they serve.

An integral part of the process was the completion of a nationwide questionnaire survey. The survey's results were used to internally assess the scope, strengths, weaknesses, and marketability of Easter Seal program services. The next phase of the project identified critical program issues that Easter Seal Societies must address in the next three to five years.

The National Society has also sent to all intermediary and local Societies its new Program Exchange, an indexed, computerized database that tracks programs offered by Easter Seal affiliates. The database, which will be updated periodically, has service and program listings for all Easter Seal service sites and contains a special "investment options" section providing detailed information on more than 70 successful and innovative programs that other Societies may wish to replicate.

The National Office also developed and distributed to intermediary Societies a useful, confidential "Guide for Facility Survival Strategies." The eight-page, point-by-point checklist assists executive directors in rating their rehabilitation facilities on the basis of carefully selected criteria essential to peak performance. The self-evaluation in 23 key areas is designed to aid Societies in recognizing and taking advantage of opportunities in providing quality services to people with disabilities.

Easter Seals' five-volume PROGRAM PORTFOLIO series was published in 1984-85 to provide technical assistance to Societies choosing to expand or alter the focus of their services in order to respond effectively to changing community or client needs.

In the past year the National Society has published several new manuals that serve as logical extensions of the PROGRAM PORTFOLIO series: *Early Intervention: Considerations for Establishing Programs*, *Cost Accounting for Non-Financial Managers* (a joint effort with the accounting firm of Coopers & Lybrand) and *Survival Strategy for Changing Times: Ensuring Easter Seal Success through Program Flexibility* (a joint effort with the ESEA Program Committee).

Another new manual, *Adult Day Care: Considerations for Establishing Programs*, presents adult day care as an appropriate direction for program extension. The manual highlights the success story of the Easter Seal Adult Day Care Center in Melbourne, Florida. Originally serving only seven people a day three days a week, it now serves 45 people every weekday and will soon move to a larger facility to accommodate more older adults.

This Easter Seal program has helped Spencer Palmer, 78 and on a fixed income, care for his wife Maria, 87, who he was told had senile dementia. When Spencer brought his wife to the Easter Seal adult day care center she was properly diagnosed as having Alzheimer's disease. Maria is now receiving appropriate treatment and is less confused and agitated.

Participation in Easter Seal adult day care has allowed Spencer Palmer to continue to care for his wife at home, rather than having to admit her to a nursing home, something he neither wanted nor could afford.

Canon USA Donates Fifty Communicators to Easter Seals

In early 1986, the National Society received a donation from Canon USA of 50 "Canon Communicator M" devices. Invented by Canon USA chairman Dr. Takeshi Mitarai, the Communicator is a lightweight, palm-sized electronic device that allows individuals with speech, hearing and motor disabilities to communicate with others. By touching the device's easy-to-use keyboard, words can be "typed" on a durable paper printout.

Through a "mini-grant" program, the National Office distributed the Canon Communicators to intermediary and local Societies on the basis of proposals they submitted. The devices were awarded for use by individuals, and by Easter Seal Societies for testing, demonstration, and trial-use.



Evelyn Johnson, 9, received a Canon Communicator through the Lorain and Huron Counties Easter Seal Society in Ohio. Evelyn's world is expanding dramatically. Before she was limited to communication with those who understand sign language. Now she can type what she wants to say, have it readily understood and receive a response.

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Mary Lou Breslin

Deputy Director

The Disability Rights Education and

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Legislative Assistant To Senator Robert Dole

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Rehabilitation Institute of Pittsburgh

Pittsburgh, Pennsylvania

Independent Living

Gini Laurie

Editor, Publisher

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Fred W. McDonald, Managing Director

McDonald Management Training Group

Bonita Springs, Florida

Social Work

Marilyn McDonald Wikler, Ph.D.

Assistant Professor

School of Social Work

University of Wisconsin

Madison, Wisconsin



***"Above and beyond direct services,
Easter Seal Societies help put ability
in disability by eliminating architectural
and social barriers through public
education in the communities they
serve."***

Nancy Kerr, Ph.D.

Chairman

Professional Advisory Council

Easter Seal Systems

Easter Seal Systems (ESS) is putting ability in disability by serving persons with disabilities, agencies, and professionals in numerous ways: through education, training, computer software development, consulting, and the initiation of cooperative efforts between Easter Seals and both computer manufacturers and other national health-care-related organizations.

ESS is playing a leadership role in educating and informing persons with disabilities and those who work with and for them about the potential uses and applications of computers. Its quarterly newsletter, *Computer-Disability News*, is now sent free of charge to 20,000 organizations and individuals, including thousands of persons with disabilities and their families.

In order to make computers more accessible to individuals with disabling conditions, ESS works with computer manufacturers to provide special discounts for persons with disabilities and the agencies that serve them. Through the efforts of ESS, AT&T offers persons with disabilities 30% discounts on its model 6300 personal computers. AT&T has also agreed to install its computers in the homes of persons with disabilities and train them in their use.

ESS jointly sponsors major workshops in program evaluation and automation. In 1986, seven such workshops were cosponsored by ESS in conjunction with the National Associ-

ation of Rehabilitation Facilities (NARF) and the American Hospital Association's (AHA) Section on Rehabilitation Hospitals and Programs. Executives and managers from nearly 500 rehabilitation agencies across the country attended these trend-setting seminars.

The workshops taught administrative and program personnel how to use automation and program evaluation to increase productivity and quality of service, and to provide the information needed to determine if rehabilitation services are meeting the needs of the people they serve.

In the area of software development, ESS introduced its new Medical Rehabilitation Manager system, a fully operational and field-tested software package custom-designed for use by rehabilitation agencies and facilities. This new ESS software package generates an automatic program evaluation system as well as the reports and recordkeeping needed to meet the accreditation standards of both the Committee on Accreditation of Rehabilitation Facilities (CARF) and the Joint Committee on Accreditation of Hospitals (JCAH).

Easter Seal Systems also puts ability in disability by continuing to provide full-service computer support to Easter Seal affiliates and other nonprofit rehabilitation agencies.



"Easter Seals embodies—more than any other human service organization I know of—the belief in the empowering nature of high technology products, both as management tools and as tools of opportunity for individuals with disabilities."

*John Sculley
President and Chairman
Apple Computer, Inc.*

Donated Apple Computers Map New Roads to Independence

A 1985 grant from Apple Computer, Inc. brought to the National Office over \$2 million worth of new and used computers, software, and peripherals for testing, repair, and distribution to Easter Seal affiliates. During the past year, the use of this equipment by local Easter Seal Societies has spawned numerous innovative applications that are putting ability in disability:

- ☐ computer camps for children with disabilities;
- ☐ a computer lending library that allows persons with disabilities and their families to borrow personal computer systems, test their uses and capabilities, and then determine their personal needs before purchasing their own equipment;
- ☐ the adaptation of a voice-activated system to Apple computers so that severely disabled people can use them;
- ☐ training programs for job readiness, and resource banks that help match persons with disabilities with possible employment opportunities;
- ☐ programs that assist persons with cognitive disabilities in developing communication skills; and,
- ☐ more effective and efficient management systems for Easter Seal centers and facilities.

Easter Seal Dollars

Based on combined expenditures of \$190,433,141 for the fiscal year ended August 31, 1985, for the National and all intermediary and territorial Easter Seal Societies.

How Easter Seal Dollars Are Spent

72.85%
for program services
and research

21.56%
for management
and fund raising

direct services to people
with disabilities and their
families
72.85%

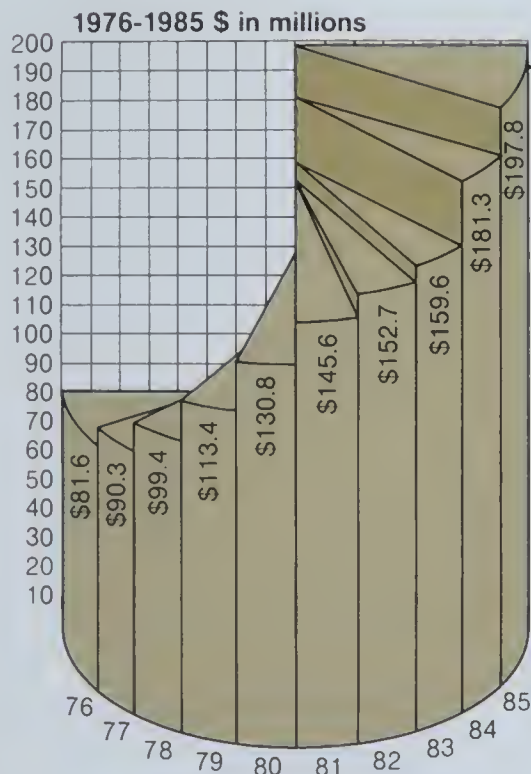
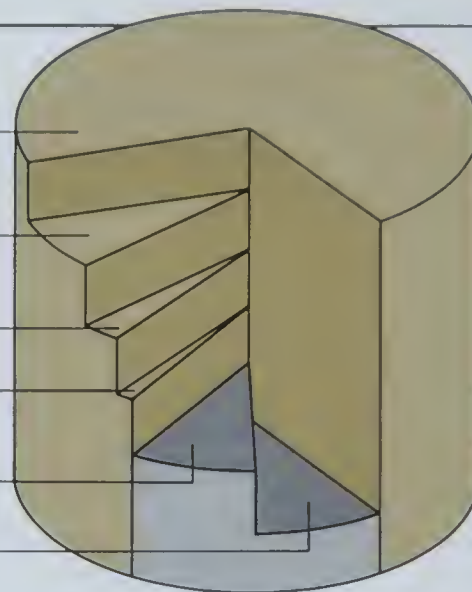
public health education
4.36%

professional education
and training
1.01%

research
.22%

management and
general expenses
10.92%

fund raising
10.64%



Total Nationwide Easter Seal Income from All Sources

Based on combined income of the National and all intermediary and territorial Easter Seal Societies.

More than 95% of all Easter Seal revenue is retained in the area in which it was raised to support services in local communities.

Intermediary Society Financial Statements

The financial statements on pages 20-22 for the intermediary and territorial Easter Seal Societies (excluding the National Easter Seal Society, Incorporated) are consolidated statements for the fiscal year ended August 31, 1985.

These combined statements were prepared from reports submitted by the intermediary member Societies. They reflect support and revenue from all sources. Maintenance of membership standards require that:

1. Intermediary member Societies submit to the National Society annual audits prepared by a certified public accountant.
2. Intermediary and local Societies maintain service and financial records as prescribed by the National Society.
3. Intermediary and local Societies meet National Society program, accounting, fund-raising, and personnel standards.

These requirements are implemented by a membership agreement that is entered into by the National Society and its affiliates.

Consolidated Intermediary Financial Statements

Intermediary and Territorial Easter Seal Societies (Excluding the National Easter Seal Society, Inc.)
Exhibit A

Balance Sheet

Year Ended August 31, 1985	Total All Funds	Current Unrestricted Funds	Current Restricted Funds	Land, Buildings and Equipment Funds	Endowment Funds
Assets:					
Cash	\$ 24,856,259	\$ 19,659,591	\$ 1,561,720	\$ 2,665,149	\$ 969,799
Marketable securities	37,099,559	26,427,148	1,429,379	1,819,311	7,423,721
Notes and accounts receivable, less allowance for uncollectibles of \$1,626,506	20,421,794	18,172,325	1,466,938	696,939	85,592
Pledges receivable, less allowance for uncollectibles of \$12,863	574,752	304,704		270,048	
Inventory of supplies and products	1,239,402	1,233,358	6,044		
Prepaid expenses	1,600,774	1,476,698	1,711	122,365	
Deferred charges	113,280	80,270		33,010	
Investments:					
Securities	20,274,065	13,146,250	1,464,029	752,478	4,911,308
Fixed assets, less accumulated depreciation of \$1,061,331	3,706,872	515,650		3,088,945	102,277
Fixed assets:					
Land	9,360,357			9,360,357	
Buildings, less accumulated depreciation of \$29,116,534	60,647,674			60,647,674	
Equipment, less accumulated depreciation of \$19,631,150	13,550,388			13,550,388	
Other assets	3,123,902	497,759	485,540	740,021	1,400,582
Due from (to) other funds	0	883,127	-453,763	-739,283	309,919
Total assets	\$196,569,078	\$82,396,880	\$5,961,598	\$93,007,402	\$15,203,198
Liabilities and fund balances:					
Notes and accounts payable	\$ 15,105,713	13,493,557	\$ 295,219	\$ 1,313,491	\$ 3,446
Accrued expenses and taxes payable	3,076,196	2,872,341	-1,077	204,932	
Mortgages payable	7,798,867	489,918		7,291,262	17,687
Other long term liabilities	4,880,511	611,197	303,944	3,965,370	
Deferred revenue	4,302,154	2,115,054	949,755	1,208,017	29,328
Fund balances:					
Current unrestricted-undesignated	45,239,622	45,239,622			
Current unrestricted-specifically designated	7,875,736	7,875,736			
Current unrestricted—long-term investments	9,699,455	9,699,455			
Current restricted	4,413,757		4,413,757		
Land, buildings and equipment— expended	73,887,606			73,887,606	
Land, buildings and equipment— unexpended, restricted	5,136,724			5,136,724	
Endowment	15,152,737				15,152,737
Total liabilities and fund balances	\$196,569,078	\$82,396,880	\$5,961,598	\$93,007,402	\$15,203,198

See accompanying notes to financial statements.

Consolidated Intermediary Financial Statements

Intermediary and Territorial Easter Seal Societies (Excluding the National Easter Seal Society, Inc.)

Exhibit B

Statement of Support, Revenue and Expenses and Changes in Fund Balances

Year Ended August 31, 1985	Total All Funds	Current Unrestricted Funds	Current Restricted Funds	Land, Buildings and Equipment Funds	Endowment Funds
Support from the Public:					
Direct public support					
Contributions	\$ 51,972,369	\$ 50,128,878	\$ 1,417,381	\$ 352,145	\$ 73,965
Capital fund campaigns	2,256,613			2,256,613	
Special events	9,514,294	9,376,200	130,892	-592	7,794
Endowment gifts	612,788				612,788
Bequests	8,679,514	7,660,441	588,446	430,627	
Donated services	631,536	629,319	2,217		
Indirect public support allocated by federated fund raising organizations	4,542,173	4,483,377	20,394		38,402
Revenue:					
Fees and grants from government agencies	46,589,247	37,263,906	8,802,417	522,924	
Program service fees	36,698,619	36,219,566	460,504	18,549	
Sales to the public	21,054,777	20,983,732	71,045		
Investment income, gains and losses	10,444,898	7,442,425	667,297	1,562,748	772,428
Miscellaneous revenue	2,052,534	1,964,790	59,171	28,111	462
Total support and revenue	\$195,049,362	\$176,152,634	\$12,219,764	\$ 5,171,125	\$ 1,505,839
Expenses:					
Program services:					
Research	9,326	9,326			
Public health education	7,521,808	7,057,554	291,697	172,557	
Professional education and training	1,453,382	1,427,407	2,981	22,994	
Direct services	136,508,556	120,027,703	10,592,225	5,888,628	
Supporting services:					
Fund raising	19,249,058	19,011,225		237,833	
Management and general	19,798,257	18,473,191	393,663	845,649	85,754
	184,540,387	166,006,406	11,280,566	7,167,661	85,754
Support of national programs	3,955,203	3,955,203			
Total expense	\$188,495,590	\$169,961,609	\$11,280,566	\$ 7,167,661	\$ 85,754
Excess of public support and revenue over expense	6,553,772	6,191,025	939,198	-1,996,536	1,420,085
Other changes in fund balances:					
Net adjustments for disaffiliations and corrections of prior periods	2,288,462	768,001	28,672	812,136	679,653
Transfers (to) from other funds	0	-3,471,609	-1,340,433	5,013,065	-201,023
Fund balances, September 1, 1984	152,563,403	59,327,396	4,786,320	75,195,665	13,254,022
Fund balances, August 31, 1985	\$161,405,637	\$ 62,814,813	\$ 4,413,757	\$79,024,330	\$15,152,737

See accompanying notes to financial statements.

Consolidated Intermediary Financial Statements

Intermediary and Territorial Easter Seal Societies (Excluding the National Easter Seal Society, Inc.)
Exhibit C

Statement of Functional Expenses

Year Ended August 31, 1985	PROGRAM SERVICES					SUPPORTING SERVICES	
	Total All Services	Research	Public Health Education	Professional Education and Training	Direct Services	Fund Raising	Management and General
Employee compensation	\$ 108,282,877	\$ 4,703	\$ 3,336,511	\$ 613,415	\$ 87,546,359	\$ 5,835,676	\$ 10,946,213
Professional fees and contract service payments	10,684,948	3,955	778,963	158,264	5,004,398	3,069,059	1,670,309
Supplies	16,082,874	52	1,175,837	54,913	9,956,790	4,018,311	876,971
Telephone and telegraph	3,032,436	41	218,064	20,651	1,688,314	584,141	521,225
Postage and shipping	4,256,089	17	599,339	14,059	956,784	2,408,350	277,540
Occupancy	12,477,452	49	264,604	35,454	9,935,429	487,595	1,754,321
Outside printing, artwork, media and related expenses	2,386,283		500,409	12,865	527,582	1,135,089	210,338
Travel and transportation	5,048,469	4	208,005	245,587	3,775,502	335,395	483,976
Conferences, conventions and meetings	1,157,311		65,927	192,327	484,264	100,881	313,912
Specific assistance to individuals	6,368,042				6,368,042		
Membership dues to professional associations	307,368		8,185	9,645	119,372	4,392	165,774
Awards and grants	976,450	500	19,659	52,046	904,245		
Minor equipment additions and equipment rentals and service	2,371,025	5	46,169	4,921	1,858,064	99,143	362,723
Miscellaneous	4,364,595		183,792	18,413	2,153,365	882,827	1,126,198
Depreciation and amortization	6,262,167		108,877	16,929	4,836,342	247,695	1,052,324
Equivalent of salaries for donated services	482,001		7,467	3,893	393,704	40,504	36,433
Total functional expenses	\$184,540,387	\$9,326	\$7,521,808	\$1,453,382	\$136,508,556	\$19,249,058	\$19,798,257

See accompanying notes to financial statements.

Notes to Financial Statements

1. The accompanying financial statements do not include the accounts of National Easter Seal Society, Inc.	Balance, September 1, 1984	\$ 816,711
2. The accompanying financial statements do not include custodian funds held for the accounts of others. A summary of such custodian funds for the year ended August 31, 1985 is as follows:	Prior year adjustments	12,798
	Receipts	2,019,950
	Transfers	(63,566)
	Balance	2,785,893
	Expenses	1,996,041
	Balance, August 31, 1985	<u>\$ 789,852</u>

National Easter Seal Society, Incorporated Financial Statements

Statement of Public Support, Revenue and Expenses

for the year ended August 31, 1985
with comparative totals for 1984

FUNDS

Unrestricted

Restricted

Property

1985
Totals

1984
Totals

Public support and Revenue:

Public support:

Contributions	\$ 72,472	\$ 19,666		\$ 92,138	\$ 105,932
Bequests	265,369			265,369	84,474
Property gifts, net of tax of \$28,298	95,296			95,296	
Donated computers		132,100		132,100	
Total public support	433,137	151,766		584,903	190,406

Revenue:

Membership dues from affiliates	4,024,916			4,024,916	3,814,129
Sales and services to affiliates, net of direct expenses of \$2,542,980 in 1985	(226,288)			(226,288)	(151,761)
Publication and registration revenue	215,256			215,256	202,676
Investment income	119,666	18,573		138,239	177,751
Gain on sale of securities	113,179			113,179	106,348
Income (loss) from the operations of the Central Maryland Chapter, net of direct expenses of \$872,742 in 1985	158,228		\$ (11,320)	146,908	101,737
Excess of reimbursements from affiliates and corporate sponsorships over National telethon production costs of \$1,851,001 in 1985	642,999			642,999	584,698
Income from sales of Easter Seal supplies to affiliates, net of direct expenses of \$463,205 in 1985	3,402			3,402	23,516
Loss on disposal of equipment			(7,221)	(7,221)	
Miscellaneous revenue	53,149			53,149	839
Total revenue	5,104,507	18,573	(18,541)	5,104,539	4,859,933
Total public support and revenue	5,537,644	170,339	(18,541)	5,689,442	5,050,339

Expenses:

Program services:

Services for affiliates:

Program development	516,034		12,613	528,647	576,254
Advocacy for persons with disabilities	387,730	1,652	6,093	395,475	327,772
Professional education and training	436,535	21,557	8,572	466,664	306,745
Fund raising advisory services	1,219,960		22,444	1,242,404	1,102,674
Management advisory services	441,513	132,100	16,849	590,462	580,839

Total services for affiliates **3,001,772** **155,309** **66,571** **3,223,652** **2,894,284**

Public health education 387,806 8,317 396,123 422,355

Research 399,354 5,087 404,441 412,355

Total program services **3,788,932** **155,309** **79,975** **4,024,216** **3,728,994**

Management and general 966,165 23,178 989,343 891,199

Total expenses **4,755,097** **155,309** **103,153** **5,013,559** **4,620,193**

Excess (deficiency) of public support and revenue over expenses \$ 782,547 \$ 15,030 \$(121,694) \$ 675,883 \$ 430,146

The accompanying notes are an integral part of the financial statements.

Statement of Functional Expenses

Program Services

Services for Affiliates

for the year ended August 31, 1985
with comparative totals for 1984

	Program Development	Advocacy for Persons with Disabilities	Professional Education and Training
Salaries	\$ 270,838	\$ 207,434	\$ 182,574
Employee benefits	23,180	19,181	13,335
Payroll taxes	21,312	15,757	14,150
Salaries and related expenses	315,330	242,372	210,059
Grants and awards	24	87	9,640
Professional fees	37,201	14,654	39,805
Office supplies and expense	22,901	5,401	(1,860)
Telephone and telegraph	10,786	7,303	3,428
Postage and shipping	7,923	4,660	13,011
Occupancy	16,952	39,496	16,470
Outside printing and artwork	22,341	2,395	73,847
Travel	34,889	22,940	10,446
Conferences, conventions and meetings	31,139	8,080	63,177
Membership dues and support payments	5,360	29,032	641
Minor equipment additions and rentals	6,887	7,811	11,203
Promotional material costs	1,096	3,973	6,393
Miscellaneous	3,205	1,178	1,832
Interest expense			
Real property valuation			
Total expenses before depreciation	516,034	389,382	458,092
Depreciation of buildings and equipment	12,613	6,093	8,572
Total expenses	\$528,647	\$395,475	\$466,664

The accompanying notes are an integral part of the financial statements.

National Easter Seal Society, Incorporated Financial Statements

Fund Raising Advisory Services	Management Advisory Services	Total Services for Affiliates	Public Health Education	Research	Total Program Services	Management and General	Total Expenses 1985	Total Expenses 1984
\$ 388,654	\$ 257,384	\$ 1,306,884	\$ 185,182	\$ 56,418	\$ 1,548,484	\$ 436,770	\$ 1,985,254	\$ 1,877,740
19,166	16,296	91,158	13,398	2,601	107,157	26,959	134,116	237,381
33,176	19,909	104,304	14,287	4,403	122,994	33,780	156,774	158,740
440,996	293,589	1,502,346	212,867	63,422	1,778,635	497,509	2,276,144	2,273,861
84	132,125	141,960	398	297,974	440,332	237	440,569	397,611
426,368	35,801	553,829	37,059	6,447	597,335	81,062	678,397	317,070
10,549	11,560	48,551	479	(2,640)	46,390	22,698	69,088	79,786
39,397	7,411	68,325	3,335	797	72,457	11,000	83,457	77,997
22,984	7,591	56,169	9,986	1,628	67,783	17,134	84,917	76,167
26,719	17,222	116,859	13,649	5,247	135,755	28,720	164,475	173,743
31,461	3,935	133,979	42,985	2,167	179,131	12,159	191,290	193,633
123,338	37,968	229,581	15,877	2,207	247,665	43,096	290,761	239,468
40,602	14,243	157,241	6,911	13,759	177,911	152,908	330,819	261,262
41,588	816	77,437	14,025	2,902	94,364	1,654	96,018	91,522
15,791	8,514	50,206	9,764	4,771	64,741	17,934	82,675	53,998
3,836	1,142	16,440	18,174	228	34,842	10,822	45,664	69,573
(3,753)	1,696	4,158	2,297	445	6,900	4,232	11,132	150,815
						65,000	65,000	2,324
								79,328
1,219,960	573,613	3,157,081	387,806	399,354	3,944,241	966,165	4,910,406	4,538,158
22,444	16,849	66,571	8,317	5,087	79,975	23,178	103,153	82,035
\$1,242,404	\$590,462	\$3,223,652	\$396,123	\$404,441	\$4,024,216	\$989,343	\$5,013,559	\$4,620,193

National Easter Seal Society Incorporated Financial Statements

Balance Sheet

August 31, 1985 with comparative totals for 1984	FUNDS			1985	1984
	Unrestricted	Restricted	Property	Totals	Totals
Assets:					
Cash, including short-term investments of \$283,176 in 1985	\$ 454,799	\$ 140,554		\$ 595,353	\$ 754,859
Investments:					
General reserve (market value \$2,034,454 in 1985)	1,765,925			1,765,925	2,047,595
Other (market value \$178,750 in 1985)	88,496	62,938		151,434	408,724
Notes and accounts receivable from affiliates, less allowance of \$525,378 in 1985	2,081,315			2,081,315	1,303,207
Other accounts and notes receivable	308,194			308,194	243,120
Inventories	331,329			331,329	150,304
Prepaid expenses and deferred charges	183,364			183,364	223,154
Property, buildings and equipment:					
Land			\$ 57,520	57,520	57,520
Buildings and improvements			710,752	710,752	710,752
Furniture and fixtures			738,608	738,608	647,154
Accumulated depreciation			(679,134)	(679,134)	(573,552)
Total assets	\$5,213,422	\$203,492	\$ 827,746	\$6,244,660	\$5,972,837
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,024,255			\$ 1,024,255	\$ 979,205
Accounts payable to affiliates	132,227			132,227	349,666
Accrued pension expense	49,780			49,780	259,620
Custodial deposits	112,779			112,779	112,060
Notes payable			\$ 49,088	49,088	59,972
Deferred revenue					11,666
Due to (from) other funds	57,944		(57,944)		
Total liabilities	1,376,985		(8,856)	1,368,129	1,772,189
Fund balances:					
Restricted for:					
Scholarship and fellowship grants, awards and loans		\$ 63,228		63,228	59,175
Advocacy for persons with disabilities		62,434		62,434	52,132
Professional education		76,338		76,338	75,787
Other		1,492		1,492	1,368
Designated for:					
Research					17,437
General reserve	2,567,009			2,567,009	2,071,518
Undesignated, available for general activities	1,269,428			1,269,428	1,081,357
Net investment in property, buildings and equipment			836,602	836,602	841,874
Total fund balances	3,836,437	203,492	836,602	4,876,531	4,200,648
Total liabilities and fund balances	\$5,213,422	\$203,492	\$ 827,746	\$6,244,660	\$5,972,837

Statement of Changes in Fund Balances

for the year ended August 31, 1985	FUNDS			Totals
	Unrestricted	Restricted	Property	
Fund balances, August 31, 1984	\$3,170,312	\$188,462	\$ 841,874	\$4,200,648
Excess (deficiency) of public support and revenue over expenses	782,547	15,030	(121,694)	675,883
Property, building and equipment acquisitions	(107,565)		107,565	
Fund transfers	(8,857)		8,857	
Fund balances, August 31, 1985	\$3,836,437	\$203,492	\$ 836,602	\$4,876,531

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization:

The National Easter Seal Society, Incorporated ("National Society") is a nonprofit organization which acts as a central service organization for fifty Intermediary Societies ("Affiliates"). The accompanying financial statements do not include the accounts of these affiliates, each of which has its own independent Board of Directors, conducts service programs independent of those of the National Society and maintains its own separate accounts.

The operations of the National Society include those of the Central Maryland Chapter for both 1985 and 1984.

Basis of Accounting:

The financial statements of the National Society are prepared in accordance with generally accepted standards of accounting and financial reporting for voluntary, health and welfare organizations.

The accrual basis method of accounting is used for recording revenue and expense.

The National Society is exempt from payment of income taxes under section 501(c)(3) of the Internal Revenue Code. However, under certain circumstances income taxes may be payable as a result of unrelated business taxable income activities. Such an activity was the sale of certain contributed real property in 1985, and the Society has accrued approximately \$56,000 in income taxes, which is included in accrued liabilities. Approximately \$28,000 in income taxes has been charged to operations and the remainder has been charged to an affiliate as co-beneficiary of the transaction.

Investments:

Investments are recorded at cost, or in the case of donated securities and real estate, at fair market value at date of receipt. Permanent decreases in market value below recorded value are recognized by reducing the carrying value of the investment to

market. Realized gains or losses on the sale or maturity of investments are determined on the basis of specific costs of investments.

Allowance for Uncollectible Notes and Accounts Receivable from Affiliates:

An allowance is provided for notes and accounts receivable from affiliates determined to be uncollectible. During 1985, no provision for uncollectible notes and accounts receivable was charged against revenue from membership dues from affiliates.

Inventories:

Inventories consist principally of Easter Seals and supplies, and computer hardware, and are stated at the lower of cost, determined by the first-in, first-out method, or market.

Property, Buildings and Equipment:

Property, buildings and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred and expenditures for major renovations are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Restricted Gifts and Contributions:

The National Society accepts donor-restricted gifts and contributions in keeping with the nature of its activities. Such gifts and contributions are recorded in the Restricted Fund. The National Society has adopted the policy of also restricting the income earned on the investment of these gifts and contributions to the same purpose as the principal.

Software Development Costs:

Costs relating to the development of software produced for sale are charged to expense as incurred. Such costs were approximately \$32,000 in 1985.

2. Investments

The cost of investments of the National Society at August 31, 1985 is summarized below:

General reserve:

Commercial paper, demand notes and money market funds	\$ 121,824
Equity securities	1,138,410
Fixed income securities	505,691
	1,765,925

Other:

Unrestricted:	
Real estate held for sale	88,496
Restricted:	
Equity securities	37,938
Fixed income securities	25,000
	62,938

Total investments	\$1,917,359
--------------------------	--------------------

The investments held in the general reserve are available for purposes as designated, from time to time, by the Board of Directors.

Notes to Financial Statements

3. Land and Building Use Restrictions

The land and building occupied by the National Society are located in a Medical Center District, supervised by a Medical Center Commission created by Illinois law. The building title

specifies that the building be used for medical or similar purposes. If the premises are vacant or not used for the specified purposes for one year, the title reverts to the Medical Center Commission.

4. Guarantee

At August 31, 1985, the National Society has guaranteed \$84,000 of a bank obligation of one state society.

5. National Telethon Production

The National Society produces an annual telethon. Contributions generated by the telethon accrue to the affiliates based upon the geographical source of the gift and whether or not the affiliate participated in the telethon. The National Society receives reimbursements of production costs from participating affiliates and underwriting gifts from corporate sponsors of the National telethon.

The production costs and related reimbursements and sponsorships for the 1985 National telethon were as follows:

Reimbursements from participating affiliates	\$ 847,336
Corporate sponsorships	1,646,664
	2,494,000
Less National telethon production costs	1,851,001
Excess of reimbursements and sponsorships over National telethon production costs	\$ 642,999

6. Pension Plan

The National Society has a noncontributory pension plan covering substantially all of its employees. Accumulated plan benefit information, as estimated by consulting actuaries, and plan net assets for the National Society as of August 31, 1984, the most current valuation, are as follows:

Actuarial present value of accumulated plan benefits:	
Vested	\$1,752,819
Nonvested	28,107
	\$1,780,926
Net assets available for benefits	\$3,409,898

The weighted average assumed rate of return in determining the actuarial present value of accumulated plan benefits was 8%.

Changes in actuarial assumptions, including mortality, rate of return and salary increases, effective for the plan year ending August 31, 1984 resulted in a decrease in accumulated plan benefits of approximately \$182,000.

The National Society's policy is to fund pension costs accrued. Due to the changes in actuarial assumptions noted above, no pension expense was accrued during 1985, which represents a decrease of \$193,000 from the preceding year.

7. 1984 Totals

The 1984 totals are presented for supplemental information purposes and omit significant detailed information. Reference should be made to the complete financial statements for the year ended August 31, 1984.

Certain reclassifications have been made to the August 31, 1984 financial statements to conform to the August 31, 1985 groupings. These reclassifications had no effect on the net revenues, expenses, or changes in fund balances.

Accountants' Report

To the Board of Directors
National Easter Seal Society, Incorporated

We have examined the balance sheet of National Easter Seal Society, Incorporated as of August 31, 1985, and the related statements of public support, revenue and expenses and changes in fund balances and functional expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above (pages 23-28) present fairly the financial position of National Easter Seal Society, Incorporated at August 31, 1985 and the results of its operations and changes in fund balances for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Coopers & Lybrand
Certified Public Accountants
Chicago, Illinois
October 29, 1985

Easter Seal Society Governance

Easter Seals' primary governing body is its National Board of Directors. The Board meets five times a year to manage and direct the operations of the National Society.

Affiliates are incorporated and licensed by the National Society. All affiliates must conform to programmatic, financial, and performance standards established by the National Society in conjunction with its Board of Directors. Each incorporated affiliate has its own board of directors.

Easter Seals' grassroots governing body is its House of Delegates. It is comprised of nearly 150 members who directly represent all licensed Easter Seal affiliates. The House of Delegates meets once a year at the National Society's Annual Meeting, at which time it elects the members of the National Board of Directors.

Members of both the Board of Directors and the House of Delegates serve voluntarily and without compensation.

National Easter Seal Society Board of Directors

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Odessa, Texas

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Terry Wood
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